

**2009 DRAFTING REQUEST****Bill**Received: **11/17/2008**Received By: **mshovers**Wanted: **As time permits**

Identical to LRB:

For: **Tamara Grigsby (608) 266-0645**By/Representing: **Cindy**This file may be shown to any legislator: **NO**Drafter: **mshovers**

May Contact:

Addl. Drafters:

Subject: **Local Gov't - 1st class cities  
Local Gov't - tax incr financing**Extra Copies: **EVM**Submit via email: **YES**Requester's email: **Rep.Grigsby@legis.wisconsin.gov**

Carbon copy (CC:) to:

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**Pre Topic:**

No specific pre topic given

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**Topic:**

Allow 1st class cities to extend life of a tax incremental district (TID) for up to one year and transfer increments to housing improvements

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**Instructions:**

See attached. Redraft 2007 SB 426 (LRB -3850), and SA 1, a1365

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**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	mshovers 11/17/2008	kfollett 11/26/2008		_____			S&L
/1			rschluet 12/01/2008	_____	cduerst 12/01/2008	mbarman 12/03/2008	

FE Sent For: **"1" @ intro. 3/3/09** **<END>**

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/? mshovers

11 MES 11/17/08

FE Sent For:

<END>

**Shovers, Marc**

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**From:** McGinnis, Cindy  
**Sent:** Friday, November 14, 2008 4:44 PM  
**To:** Shovers, Marc  
**Cc:** de Felice, David Patrick  
**Subject:** redraft of 2007 legislation

Marc-

Will you please redraft 2007 SB 426 with SA 1 as an Assembly bill for the 2009 session?

Thanks

Cindy McGinnis  
Office of State Representative Tamara Grigsby  
122 North State Capitol  
PO Box 8952  
Madison, WI 53708  
1-888-534-0018 - toll free  
(608) 266-0645  
(608) 282-3618 - fax

2007 SENATE BILL 426

January 29, 2008 - Introduced by Senators COGGS, PLALE and TAYLOR, cosponsored by Representatives GRIGSBY, CULLEN, COLON, FIELDS, KESSLER, PARISI, RICHARDS, SINICKI, TOLES, TURNER, A. WILLIAMS, YOUNG, ZEPNICK and VAN ROY. Referred to Committee on Tax Fairness and Family Prosperity.

- 1 AN ACT *to amend* 66.1105 (6) (c); and *to create* 66.1105 (6) (g) of the statutes;
- 2 **relating to:** authorizing a city or village to extend the life of a tax incremental
- 3 district for one year to benefit housing in the city or village.

***Analysis by the Legislative Reference Bureau***

Under the current tax incremental financing program, a city or village may create a tax incremental district (TID) in part of its territory to foster development if at least 50 percent of the area to be included in the TID is blighted, in need of rehabilitation or conservation, suitable for industrial sites, or suitable for mixed-use development. Before a city or village may create a TID, several steps and plans are required. These steps and plans include public hearings on the proposed TID within specified time frames, preparation and adoption by the local planning commission of a proposed project plan for the TID, approval of the proposed project plan by the common council or village board, and adoption of a resolution by the common council or village board that creates the TID as of a date provided in the resolution.

Also under current law, once a TID has been created, the Department of Revenue (DOR) calculates the "tax increment base value" of the TID, which is the equalized value of all taxable property within the TID at the time of its creation. If the development in the TID increases the value of the property in the TID above the base value, a "value increment" is created. That portion of taxes collected on the value increment in excess of the base value is called a "tax increment." The tax increment is placed in a special fund that may be used only to pay back the project costs of the TID. The costs of a TID, which are initially incurred by the creating city

**SENATE BILL 426**

or village, include public works such as sewers, streets, and lighting systems; financing costs; site preparation costs; and professional service costs. DOR authorizes the allocation of the tax increments until the TID terminates or, generally, 20 years, 23 years, or 27 years after the TID is created, depending on the type of TID and the year in which it was created. Under certain circumstances, the life of the TID and the allocation period may be extended.

Under current law, a planning commission may adopt an amendment to a project plan, which requires the approval of the common council or village board and the same findings that current law requires for the creation of a new TID. Current law also authorizes the amendment of a project plan up to four times during a TID's existence to change the district's boundaries by adding or subtracting territory.

This bill authorizes a city or village to extend the life of a TID created by the city or village for one year after all of the TID's project costs have been paid. Under the bill, DOR is required to continue to authorize the allocation of tax increments for the TID as if its project costs had not been paid off, without regard to whether the TID would otherwise not be eligible to receive the increments, and without regard to whether the TID would otherwise be required to terminate. The city or village ~~may~~ <sup>must</sup> use <sup>at least</sup> up to 75 percent of the increments received during the TID's extended life to benefit affordable housing in the city or village. The remainder of the increments must be used to improve the quality of the city's or village's existing housing stock.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

**SECTION 1.** 66.1105 (6) (c) of the statutes is amended to read:

66.1105 (6) (c) Except for tax increments allocated under par. (d), (dm), (e), or (f), or (g) all tax increments received with respect to a tax incremental district shall, upon receipt by the city treasurer, be deposited into a special fund for that district. The city treasurer may deposit additional moneys into such fund pursuant to an appropriation by the common council. No moneys may be paid out of such fund except to pay project costs with respect to that district, to reimburse the city for such payments, to pay project costs of a district under par. (d), (dm), (e), or (f), or (g) or to satisfy claims of holders of bonds or notes issued with respect to such district. Subject to par. (d), (dm), (e), or (f), or (g), moneys paid out of the fund to pay project costs with

## SENATE BILL 426

1 respect to a district may be paid out before or after the district is terminated under  
2 sub. (7). Subject to any agreement with bondholders, moneys in the fund may be  
3 temporarily invested in the same manner as other city funds if any investment  
4 earnings are applied to reduce project costs. After all project costs and all bonds and  
5 notes with respect to the district have been paid or the payment thereof provided for,  
6 subject to any agreement with bondholders, if there remain in the fund any moneys  
7 that are not allocated under par. (d), (dm), (e), ~~or~~ (f), or (g), they shall be paid over to  
8 the treasurer of each county, school district or other tax levying municipality or to  
9 the general fund of the city in the amounts that belong to each respectively, having  
10 due regard for that portion of the moneys, if any, that represents tax increments not  
11 allocated to the city and that portion, if any, that represents voluntary deposits of the  
12 city into the fund.

13 **SECTION 2.** 66.1105 (6) (g) of the statutes is created to read:

14 66.1105 (6) (g) 1. After the date on which a tax incremental district created by  
15 a city pays off the aggregate of all of its project costs, and notwithstanding the time  
16 at which such a district would otherwise be required to terminate under sub. (7), a  
17 city may extend the life of the district for one year if the city does all of the following:

18 a. The city adopts a resolution extending the life of the district for a specified  
19 number of months.

20 b. The city forwards a copy of the resolution to the department of revenue,  
21 notifying the department that it must continue to authorize the allocation of tax  
22 increments to the district under par. (a).

23 2. If the department of revenue receives a notice described under subd. 1. b.,  
24 it shall continue authorizing the allocation of tax increments to the district under  
25 par. (a) during the district's life, as extended by the city, as if the district's costs had

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## SECTION 2

1 not been paid off and without regard to whether any of the time periods specified in  
2 par. (a) 2. to 8. would otherwise require terminating the allocation of such  
3 increments.

4 3. If a city receives tax increments as described in subd. 2., the city ~~may~~ <sup>shall</sup> use up  
5 <sup>at least</sup> 75 percent of the increments received to benefit affordable housing in the city. The  
6 remaining portion of the increments shall be used by the city to improve the city's  
7 housing stock.

(END)

D-NOTE

Date

LRB-0829/1dN  
MES:lgf

Rep Grigsby:

If this bill is not enacted by late  
summer of 2009, the effective date will  
need to be advanced by one year.

MES



**SENATE AMENDMENT 1,  
TO 2007 SENATE BILL 426**

February 25, 2008 – Offered by Senator COGGS.

INS  
2-1  
p. 1 of 2

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 2, line 1: before that line insert:

3 ~~SECTION 1c.~~ 66.1103 (2) (k) 20. of the statutes is amended to read:

4 66.1103 (2) (k) 20. A shopping center, or an office building, convention or trade  
5 center, hotel, motel or other nonresidential facility, which is located in or adjacent to  
6 a blighted area as defined by s. 66.1105 (2) (a) (ae), 66.1331 (3) (a) or 66.1333 (2m)  
7 (b) or in accordance with a redevelopment plan or urban renewal plan adopted under  
8 s. 66.1331 (5) or 66.1333 (6).

9 ~~SECTION 1g.~~ 66.1105 (2) (a) of the statutes is renumbered 66.1105 (2) (ae).

10 ~~SECTION 1h.~~ 66.1105 (2) (ab) of the statutes is created to read:

11 66.1105 (2) (ab) "Affordable housing" means housing that costs a household no  
12 more than 30 percent of the household's gross monthly income.

13 ~~SECTION 1i.~~ 66.1105 (2) (bq) of the statutes is created to read:

INS  
2-1 p. 2 of 2

1 66.1105 (2) (bq) "Household" means an individual and his or her spouse and all  
2 minor dependents."

3 2. Page 2, line 1: delete "SECTION 1" and substitute "SECTION 1w".

4 3. Page 3, line 19: after "months." insert "The resolution shall specify how the  
5 city intends to improve its housing stock, as required in subd. 3."

6 4. Page 4, line 4: delete "may use up" and substitute "shall use".

7 5. Page 4, line 5: delete "to 75" and substitute "at least 75".

8 6. Page 4, line 7: after that line insert:

9 "SECTION 3m. Effective date.  
10

11 (1) This act takes effect on October 1, 2008.

(END)

INS  
3-1 aINS  
4-7

2009

**DRAFTER'S NOTE**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-0829/1dn

MES:kjfrs

December 1, 2008

Rep. Grigsby:

If this bill is not enacted by late summer of 2009, the effective date will need to be advanced by one year.

Marc E. Shovers  
Managing Attorney  
Phone: (608) 266-0129  
E-mail: [marc.shovers@legis.wisconsin.gov](mailto:marc.shovers@legis.wisconsin.gov)

**Parisi, Lori**

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**From:** McGinnis, Cindy

**Sent:** Tuesday, December 02, 2008 9:35 AM

**To:** LRB.Legal

**Subject:** Draft Review: LRB 09-0829/1 Topic: Allow 1st class cities to extend life of a tax incremental district (TID) for up to one year and transfer increments to housing improvements

Please Jacket LRB 09-0829/1 for the ASSEMBLY.

12/02/2008